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C O N F I D E N T I A L MUSCAT 000083

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TAGS: PREL ETTC MU IR

SUBJECT: IRAN OPENS TRADE OFFICE IN MUSCAT

CLASSIFIED BY: Richard J Schmierer, Ambassador, STATE, EXEC; REASON:
1.4(B), (D)

¶1. (SBU) Recent press reporting from Iran noted the imminent opening of an Iranian "trade center" in Oman by January 26, 2010. The reports cite Iranian economic officials as saying that the Iranian government has allocated one billion dollars in loans to set up 20 trade centers worldwide. They note also that the centers are either built or will be built in Shanghai, Sudan, and Azerbaijan.

¶2. (C) In the course of a routine diplomatic exchange with his Japanese counterpart February 6, the DCM asked whether the Japanese Embassy had followed up this report with the Iranian Embassy in Muscat. The Japanese DCM explained that he had in fact personally approached the Iranian Commercial Counselor recently about the stories.

¶3. (C) According to the Japanese DCM, the Iranian confirmed the center had been open two or three weeks ago in the Seeb neighborhood (near Muscat International Airport). The center had a staff of five or six who were not Iranian Embassy direct hire employees. Rather, they were hired somewhat like contractors from funds generated by a tax or fee levied on Iranian companies' international trade. Further, the Iranian reported that there are similar centers in the UAE and Qatar. The center operated under the supervision of the Iranian Commercial Counselor and would focus on generating trade in the areas of energy, joint commercial ventures, and Iranian industrial products.

¶4. (C) COMMENT: The information generated in this meeting differs significantly from the press report, but may not be mutually exclusive. Oman continues to view Iran as the region's primary strategic threat, but chooses to manage the threat through carefully attenuated bilateral relations overseen personally by Sultan Qaboos. The entry of Iranians into Oman is highly controlled, and Oman-Iran bilateral commerce is surprisingly insignificant given the proximity of the two countries. The presence of a trade office is unlikely to rebalance this equation. Aside from the question of a need for natural gas for domestic development, Oman looks beyond Iran to foster world-class trade relations, e.g., the U.S.-Oman, and Singapore-Oman FTAs. In its current state, Iran isn't in the game. END COMMENT.

Schmierer